

Senate Engrossed

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 264

SENATE BILL 1224

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1079.01; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1167.01; RELATING TO INDIVIDUAL AND CORPORATE INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 43-222, Arizona Revised Statutes, is amended to read:

43-222. Income tax credit review schedule

Each year the joint legislative income tax credit review committee shall review the following income tax credits:

1. In 2004, sections 43-1081.01, 43-1083, 43-1084 and 43-1170.01.

2. In 2005, sections 43-1087, 43-1088 and 43-1175.

3. In 2006, sections 43-1073, 43-1089, 43-1089.01, 43-1089.02, 43-1090, 43-1176 and 43-1181.

4. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165, 43-1166, 43-1167 and 43-1169.

5. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and 43-1178.

6. In 2009, sections 43-1076 and 43-1162.

7. IN 2010, SECTIONS 43-1079.01 AND 43-1167.01.

Sec. 2. Title 43, chapter 10, article 5, Arizona Revised Statutes, is amended by adding section 43-1079.01, to read:

43-1079.01. Credit for employing national guard members

A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2005, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR A TAXPAYER WHOSE EMPLOYEE IS A MEMBER OF THE ARIZONA NATIONAL GUARD IF THE EMPLOYEE IS PLACED ON ACTIVE DUTY. THE AMOUNT OF THE CREDIT IS ONE THOUSAND DOLLARS FOR EACH EMPLOYEE WHO IS PLACED ON ACTIVE DUTY BY THE ARIZONA NATIONAL GUARD.

B. TO QUALIFY FOR THE CREDIT:

1. THE EMPLOYEE MUST BE A MEMBER OF THE ARIZONA NATIONAL GUARD WHO IS EMPLOYED BY THE TAXPAYER IN A FULL-TIME EQUIVALENT POSITION WHEN THE EMPLOYEE IS PLACED ON ACTIVE DUTY.

2. EACH MEMBER OF THE ARIZONA NATIONAL GUARD WHO IS EMPLOYED MUST HAVE SERVED DURING THE TAXABLE YEAR ON ACTIVE DUTY FOR TRAINING THAT EXCEEDS THE REQUIRED ANNUAL TRAINING PERIOD, INCLUDING ANY ACTIVATION FOR FEDERAL OR STATE CONTINGENCIES OR EMERGENCIES.

C. IF THE ALLOWABLE CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS TITLE, THE AMOUNT OF THE CLAIM NOT USED TO OFFSET TAXES UNDER THIS TITLE MAY BE CARRIED FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS AS A CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY.

D. THE CREDIT UNDER THIS SECTION MAY BE CLAIMED ONLY ONCE BY THE TAXPAYER IN ANY TAXABLE YEAR WITH RESPECT TO EACH EMPLOYEE WHO IS PLACED ON ACTIVE DUTY BY THE ARIZONA NATIONAL GUARD, BUT MAY BE CLAIMED AGAIN FOR THAT EMPLOYEE IN A SUBSEQUENT TAXABLE YEAR IF THAT EMPLOYEE REMAINS ON ACTIVE DUTY OR IS PLACED AGAIN ON ACTIVE DUTY IN A SUBSEQUENT TAXABLE YEAR.

E. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP AND SHAREHOLDERS OF AN S CORPORATION AS DEFINED IN SECTION 1361 OF THE INTERNAL REVENUE CODE, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED

1 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
2 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
3 ALLOWED A SOLE OWNER.

4 Sec. 3. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
5 amended by adding section 43-1167.01, to read:

6 43-1167.01. Credit for employing national guard members

7 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2005, A
8 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR A TAXPAYER
9 WHOSE EMPLOYEE IS A MEMBER OF THE ARIZONA NATIONAL GUARD IF THE EMPLOYEE IS
10 PLACED ON ACTIVE DUTY. THE AMOUNT OF THE CREDIT IS ONE THOUSAND DOLLARS FOR
11 EACH EMPLOYEE WHO IS PLACED ON ACTIVE DUTY BY THE ARIZONA NATIONAL GUARD.

12 B. TO QUALIFY FOR THE CREDIT:

13 1. THE EMPLOYEE MUST BE A MEMBER OF THE ARIZONA NATIONAL GUARD WHO IS
14 EMPLOYED BY THE TAXPAYER IN A FULL-TIME EQUIVALENT POSITION WHEN THE EMPLOYEE
15 IS PLACED ON ACTIVE DUTY.

16 2. EACH MEMBER OF THE ARIZONA NATIONAL GUARD WHO IS EMPLOYED MUST HAVE
17 SERVED DURING THE TAXABLE YEAR ON ACTIVE DUTY FOR TRAINING THAT EXCEEDS THE
18 REQUIRED ANNUAL TRAINING PERIOD, INCLUDING ANY ACTIVATION FOR FEDERAL OR
19 STATE CONTINGENCIES OR EMERGENCIES.

20 C. IF THE ALLOWABLE CREDIT EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS
21 TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO TAXES DUE UNDER THIS
22 TITLE, THE AMOUNT OF THE CLAIM NOT USED TO OFFSET TAXES UNDER THIS TITLE MAY
23 BE CARRIED FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS AS A
24 CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY.

25 D. THE CREDIT UNDER THIS SECTION MAY BE CLAIMED ONLY ONCE BY THE
26 TAXPAYER IN ANY TAXABLE YEAR WITH RESPECT TO EACH EMPLOYEE WHO IS PLACED ON
27 ACTIVE DUTY BY THE ARIZONA NATIONAL GUARD, BUT MAY BE CLAIMED AGAIN FOR THAT
28 EMPLOYEE IN A SUBSEQUENT TAXABLE YEAR IF THAT EMPLOYEE REMAINS ON ACTIVE DUTY
29 OR IS PLACED AGAIN ON ACTIVE DUTY IN A SUBSEQUENT TAXABLE YEAR.

30 E. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A
31 PARTNERSHIP, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED
32 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
33 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
34 ALLOWED A SOLE OWNER.

35 Sec. 4. Purpose

36 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
37 enacts sections 43-1079.01 and 43-1167.01, Arizona Revised Statutes, as added
38 by this act, to encourage taxpayers in this state to employ members of the
39 Arizona national guard.

APPROVED BY THE GOVERNOR MAY 6, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 6, 2005.

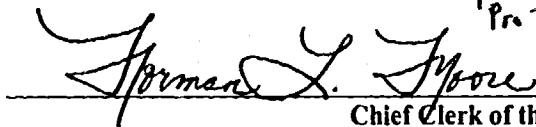
Passed the House April 28, 2005,

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting



Speaker of the House
Pro Tempore

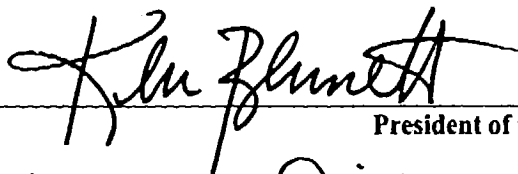


Chief Clerk of the House

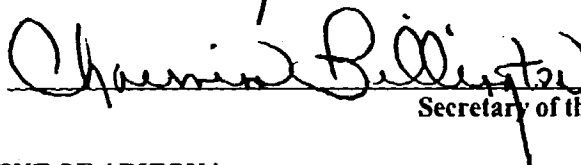
Passed the Senate March 1, 2005,

by the following vote: 26 Ayes,

3 Nays, 1 Not Voting



President of the Senate



Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

2nd day of May, 2005

at 1:40 o'clock P. M.

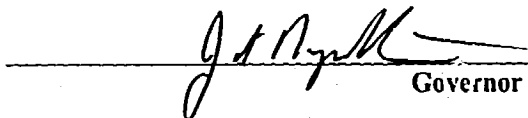


Secretary to the Governor

Approved this 6 day of

May, 2005,

at 9¹⁰ o'clock A. M.



Governor of Arizona

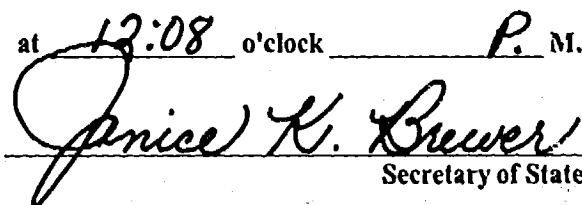
S.B. 1224

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 6 day of May, 2005.

at 12:08 o'clock P. M.



Secretary of State